



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

12 MAR 1996



SFAE-CSA-PPP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Use of IMPAC Card for Payments

Acquisition Letter (AL) 96-1 made distribution of the revised AFARS coverage on Government Credit Cards, Subpart 13.90. The new coverage provides significant latitude to contracting offices in the use of the IMPAC card both as a method of purchasing and payment.

The AFARS threshold limiting the use of the card as a payment instrument **has been removed**. The limitation on any single transaction amount placed on the IMPAC card is now \$999,999.99 and is due to Bank software limitations. The removal of AFARS restrictions was done in an effort to identify areas where efficiencies and economies can be obtained by use of the IMPAC card to make payments against contracts or purchase orders. Close coordination between the contracting office and the billing and payment offices is essential in order to assure proper contractor payment as well as financial and accounting transactions.

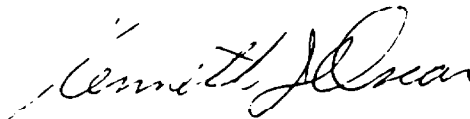
Prior to establishing cards for payments, a cost-benefit assessment should be made to determine that the card will provide the best alternative for making payment against a contract or order. Contracts must include a provision which allows payment by IMPAC card with instructions on properly identifying and distributing contractor invoices. In addition, cards used "for payment only" should **have their accounts established to allow their transactions to be segregated from purchasing transactions**.



Several activities are currently evaluating use of the card for payment purposes on transactions exceeding \$2,500. The National Guard Bureau (NGB) is assessing the benefits of using the card to make payments against existing and proposed contracts. The benefits to the contractor will be quicker payment while the benefits perceived by the NGB will be lower costs associated with DFAS billings and lower instances of unmatched disbursements. NGB proposes to issue payment cards to comptrollers located at each of the United States Property and Fiscal Official offices. The letters of authorization will stipulate that the cards are "for payment purposes only."

Defense Supply Service-Washington (DSS-W) contracting office is currently using the card to streamline purchases between \$2,500 and \$25,000. Using an advance written agreement between the contracting office and its vendor base, DSS-W has used the card to make purchases up to \$25,000. The bilateral agreement lists clauses which the vendors agree to incorporate into purchases made with the card which are valued between \$2,500 and \$25,000.

I will collect the results of these initiatives and some examples of the "Best Practices" I have seen in implementing the IMPAC program and provide them to you next month. Questions on the use of the IMPAC card for payment may be directed to the Army Program Coordinator, Mr. Bruce E. Sullivan at (703) 681-9086, (DSN) 761-9086, and (e.mail) at sullivab@sarda.army.mil.



Kenneth J. Oscar
Deputy Assistant Secretary of the Army
(Procurement)